
HOUSE BILL No. 1242

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-13; IC 6-1.1-18; IC 8-17-4.1; IC 36-1-8; IC 36-8-3-3; IC 36-8-12.2-8; IC 36-8-12.2-8.1.

Synopsis: Various local government matters. Requires the investing officer of most political subdivisions to use multiple depositories. Removes the requirement that multiple depositories be used for investment certificates of deposit. Removes the requirement of certifying a budget transfer within a political subdivision to the county auditor. Allows a fiscal officer to appropriate insurance receipts. Makes changes to the law concerning the annual road and street report. Requires a transfer to a local rainy day fund to be made after the last day of the fiscal year and before March 1 of the subsequent calendar year. Repeals a requirement that a fiscal body find that the proposed use of a local rainy day fund is consistent with the intent of the fund before appropriating money from the fund. Allows a political subdivision to collect a charge from a credit card user to cover costs charged to the political subdivision for accepting credit cards. Changes the deadline for adoption of a police and firefighter salary ordinance in a second class city from August 20 to September 20. Allows a municipality with a fire department to establish a hazardous materials response fund for the deposit of service charges imposed for hazardous materials emergencies.

Effective: July 1, 2003.

Ayres, Stevenson

January 13, 2003, read first time and referred to Committee on Local Government.



C
o
p
y

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1242

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-13-8-9 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2003]: Sec. 9. (a) All public funds of all
3 political subdivisions shall be deposited in the designated depositories
4 located in the respective territorial limits of the political subdivisions,
5 except as provided in this section.
6 (b) Each board of finance of a political subdivision:
7 (1) that is not a city, town, or school corporation; and
8 (2) whose jurisdiction crosses one (1) or more county lines;
9 may limit its boundaries for the purpose of this section to that portion
10 of the political subdivision within the county where its principal office
11 is located.
12 (c) If there is no principal office or branch of a financial institution
13 located in the county or political subdivision, or if no financial
14 institution with a principal office or branch in the county or political
15 subdivision will accept public funds under this chapter, the board of
16 finance of the county and the boards of finance of the political
17 subdivisions in the county shall designate one (1) or more financial



institutions with a principal office or branch outside of the county or political subdivision, and in the state, as a depository or depositories.

(d) The board of trustees for a hospital organized or operated under IC 16-22-1 through IC 16-22-5 or IC 16-23-1 may invest any money in the hospital fund anywhere in the state with any financial institution designated by the state board of finance as depositories for state deposits.

(e) If only one (1) financial institution that has a branch or principal office in a county or political subdivision is willing to accept public funds, the board of finance for the county or political subdivision may:

(1) treat the financial institution that is located within the county or political subdivision as if the financial institution were not located within the county or political subdivision; and

(2) designate one (1) or more financial institutions to receive public funds under the requirements of subsection (c).

(f) The investing officer shall maintain the deposits as follows:

(1) In one (1) or more depositories designated for the political subdivision, if the sum of the monthly average balances of all the transaction accounts for the political subdivision does not exceed one hundred thousand dollars (\$100,000).

(2) In each depository designated for the political subdivision, if subdivision (1) does not apply and fewer than three (3) financial institutions are designated by the local board of finance as a depository.

(3) In at least two (2) depositories designated for the political subdivision, if subdivision (1) does not apply and at least three (3) financial institutions are designated by the local board of finance as a depository.

SECTION 2. IC 5-13-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) Each officer designated in section 1 of this chapter may deposit, invest, or reinvest any funds that are held by the officer and available for investment in transaction accounts issued or offered by a designated depository of a political subdivision for the rates and terms agreed upon periodically by the officer making the investment and the designated depository. ~~The fiscal body of a political subdivision shall require the investing officer to deposit and maintain deposits that are invested or reinvested under this subsection as follows:~~

~~(1) In one (1) or more depositories designated for the political subdivision, if the sum of the monthly average balances of all of the transaction accounts for the political subdivision does not exceed one hundred thousand dollars (\$100,000):~~

C
o
p
y



(2) In each depository designated for the political subdivision, if subdivision (1) does not apply and less than three (3) financial institutions are designated by the local board of finance as a depository.

(3) In at least two (2) depositories designated for the political subdivision, if subdivision (1) does not apply and at least three (3) financial institutions are designated by the local board of finance as a depository.

(b) The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion.

(c) If all of the designated depositories of a political subdivision decline to issue or receive any deposit account, or to issue or receive the deposit account at a rate of interest equal to the highest rate being offered other investors, investments may be made in the deposit accounts of any financial institution designated for state deposits as a depository by the state board of finance under IC 5-13-9.5.

SECTION 3. IC 6-1.1-18-6, AS AMENDED BY P.L.90-2002, SECTION 162, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. (a) The proper officers of a political subdivision may transfer money from one major budget classification to another within a department or office if:

- (1) they determine that the transfer is necessary;
- (2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under this article; **and**
- (3) the transfer is made at a regular public meeting and by proper ordinance or resolution. **and**
- ~~(4) the transfer is certified to the county auditor.~~

(b) A transfer may be made under this section without notice and without the approval of the department of local government finance.

SECTION 4. IC 6-1.1-18-7 IS AMENDED TO READ AS



C
o
p
y

FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. Notwithstanding the other provisions of this chapter, the ~~appropriating body~~ **fiscal officer** of a political subdivision may appropriate funds received from an insurance company if:

(1) the funds are received as a result of damage to property of the political subdivision; and

(2) the funds are appropriated for the purpose of repairing or replacing the damaged property.

However, this section applies only if the funds are in fact expended to repair or replace the property within the twelve (12) month period after they are received.

SECTION 5. IC 8-17-4.1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. The governing body shall prepare by ~~December 31~~ **April 15** of each year an operational report **for the prior calendar year** of the department within the county or municipality that has road and street responsibilities.

SECTION 6. IC 8-17-4.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. ~~(a)~~ This report shall be prepared on forms prescribed by the state board of accounts and must disclose ~~for the calendar year the following~~:

~~(1) The receipts of the department and the sources of the receipts.~~

~~(2) The expenditures of the department showing the purpose of each expenditure made and to account for all funds.~~

~~(3) The number of employees of the department each month and the work classifications of the employees.~~

~~(4) The proposed construction, reconstruction, and repair program following the year of the annual report.~~

~~(5) The maintenance expenses.~~

~~(b) The report must also include other all~~ information considered necessary by the state board of accounts to reflect the financial condition and operations of the department.

SECTION 7. IC 8-17-4.1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. The annual operational report must be completed and a copy filed with the state board of accounts, the governing body, and the department by ~~February 15~~ **June 1** following the operational report year. The department shall make the report available to the public.

SECTION 8. IC 36-1-8-5, AS AMENDED BY P.L.251-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision.

C
o
p
y



(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise:

(1) Funds of a county, to the general fund or rainy day fund of the county, as provided in section 5.1 of this chapter.

(2) Funds of a municipality, to the general fund or rainy day fund of the municipality, as provided in section 5.1 of this chapter.

(3) Funds of a township for redemption of poor relief obligations, to the poor relief fund of the township or rainy day fund of the township, as provided in section 5.1 of this chapter.

(4) Funds of any other political subdivision, to the general fund or rainy day fund of the political subdivision, as provided in section 5.1 of this chapter. However, if the political subdivision is dissolved or does not have a general fund or rainy day fund, then to the general fund of each of the units located in the political subdivision in the same proportion that the assessed valuation of the unit bears to the total assessed valuation of the political subdivision.

(c) Whenever an unused and unencumbered balance remains in the civil township fund of a township and a current tax levy for the fund is not needed, the township fiscal body may order any part of the balance of that fund transferred to the debt service fund of the school corporation located in or partly in the township; but if more than one (1) school corporation is located in or partly in the township, then any sum transferred shall be transferred to the debt service fund of each of those school corporations in the same proportion that the part of the assessed valuation of the school corporation in the township bears to the total assessed valuation of the township.

(d) Transfers to a political subdivision's rainy day fund must be made after the last day of the political subdivision's fiscal year and before March 1 of the subsequent calendar year.

SECTION 9. IC 36-1-8-5.1, AS AMENDED BY P.L.90-2002, SECTION 461, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5.1. (a) A political subdivision may establish a rainy day fund to receive transfers of unused and unencumbered funds **made** under section 5 of this chapter.

(b) The rainy day fund is subject to the same appropriation process as other funds that receive tax money. ~~Before making an appropriation from the rainy day fund, the fiscal body shall make a finding that the proposed use of the rainy day fund is consistent with the intent of the~~

C
o
p
y



1 ~~fund.~~

2 (c) In any fiscal year, a political subdivision may transfer not more
3 than ten percent (10%) of the political subdivision's total budget for
4 that fiscal year to the rainy day fund.

5 (d) The department of local government finance may not reduce the
6 actual or maximum permissible levy of a political subdivision as a
7 result of a balance in the rainy day fund of the political subdivision.

8 SECTION 10. IC 36-1-8-11 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. (a) This section
10 does not apply to a county treasurer governed by IC 36-2-10-23.

11 (b) As used in this section, "credit card" means a:

- 12 (1) credit card;
- 13 (2) debit card;
- 14 (3) charge card; or
- 15 (4) stored value card.

16 (c) A payment to a political subdivision or a municipally owned
17 utility for any purpose may be made by any of the following financial
18 instruments that the fiscal body of the political subdivision or the board
19 of the municipally owned utility authorizes for use:

- 20 (1) Cash.
- 21 (2) Check.
- 22 (3) Bank draft.
- 23 (4) Money order.
- 24 (5) Bank card or credit card.
- 25 (6) Electronic funds transfer.
- 26 (7) Any other financial instrument authorized by the fiscal body.

27 (d) If there is a charge to the political subdivision or municipally
28 owned utility for the use of a financial instrument, ~~other than a bank~~
29 ~~card or credit card~~, the political subdivision or municipally owned
30 utility ~~shall~~ **may** collect a sum equal to the amount of the charge from
31 the person who uses the financial instrument.

32 (e) If authorized by the fiscal body of the political subdivision or the
33 board of the municipally owned utility, the political subdivision or
34 municipally owned utility may accept payments under this section with
35 a bank card or credit card under the procedures set forth in this section.
36 However, the procedure authorized for a particular type of payment
37 must be uniformly applied to all payments of the same type.

38 (f) The political subdivision or municipally owned utility may
39 contract with a bank card or credit card vendor for acceptance of bank
40 cards or credit cards.

41 (g) The political subdivision or municipally owned utility may pay
42 any applicable bank card or credit card service charge associated with

C
O
P
Y



the use of a bank card or credit card under this subsection.

(h) The authorization of the fiscal body of the political subdivision is not required by the bureau of motor vehicles or the bureau of motor vehicles commission to use electronic funds transfer or other financial instruments to transfer funds to the political subdivision.

SECTION 11. IC 36-8-3-3, AS AMENDED BY P.L.125-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) A majority of the members of the safety board constitutes a quorum. The board shall adopt rules concerning the time of holding regular and special meetings and of giving notice of them. The board shall elect one (1) of its members chairman, who holds the position as long as prescribed by the rules of the board. The board shall record all of its proceedings.

(b) The members of the safety board may act only as a board. No member may bind the board or the city except by resolution entered in the records of the board authorizing him to act in its behalf as its authorized agent.

(c) The safety board shall appoint:

- (1) the members and other employees of the police department other than those in an upper level policymaking position;
- (2) the members and other employees of the fire department other than those in an upper level policymaking position;
- (3) a market master; and
- (4) other officials that are necessary for public safety purposes.

(d) The annual compensation of all members of the police and fire departments and other appointees shall be fixed by ordinance of the legislative body before:

- (1) ~~August~~ **September** 20 for a second class city; and
- (2) September 20 for a third class city;

of each year for the ensuing budget year. The ordinance may grade the members of the departments and regulate their pay by rank as well as by length of service. If the legislative body fails to adopt an ordinance fixing the compensation of members of the police or fire department, the safety board may fix their compensation, subject to change by ordinance.

(e) The safety board, subject to ordinance, may also fix the number of members of the police and fire departments and the number of appointees for other purposes and may, subject to law, adopt rules for the appointment of members of the departments and for their government.

(f) The safety board shall divide the city into police precincts and fire districts.

C
o
p
y



(g) The police chief has exclusive control of the police department, and the fire chief has exclusive control of the fire department, subject to the rules and orders of the safety board. In time of emergency, the police chief and the fire chief are, for the time being, subordinate to the city executive and shall obey his orders and directions, notwithstanding any law or rule to the contrary.

SECTION 12. IC 36-8-12.2-8, AS ADDED BY P.L.33-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. **(a) Money collected under this chapter must be deposited in one (1) of the following:**

(1) The general fund of the unit that established the fire department under IC 36-8-2-3 or IC 36-8-13-3(a)(1). and

(2) A hazardous materials response fund established under section 8.1 of this chapter by a city or town having a fire department established under IC 36-8-2-3.

(b) Money collected under this chapter may be used only for the following:

(1) Purchase of supplies and equipment used in providing hazardous materials emergency assistance under this chapter.

(2) Training for members of the fire department in skills necessary for providing hazardous materials emergency assistance under this chapter.

(3) Payment to persons with which the fire department contracts to provide services related to the hazardous materials emergency assistance provided by the fire department under this chapter.

SECTION 13. IC 36-8-12.2-8.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 8.1. (a) The fiscal body of each city or town that establishes a fire department under IC 36-8-2-3 may, by ordinance or resolution, establish a hazardous materials response fund.**

(b) The hazardous materials response fund shall be administered by the unit's fiscal officer, and the expenses of administering the fund shall be paid from money in the fund. Money in the fund not currently needed to meet the obligations of the fund may be invested in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund. Money in the fund at the end of a particular fiscal year does not revert to the unit's general fund.

SECTION 14. [EFFECTIVE JULY 1, 2003] **(a) The state board of accounts shall review the format and content of the annual operational report required under IC 8-17-4.1-5, as amended by**



C
o
p
y

- 1 **this act, and shall prescribe a streamlined report that addresses:**
2 **(1) easing the preparation of;**
3 **(2) the informational requirements of the users of; and**
4 **(3) the promotion of accuracy within;**
5 **the revised report.**
6 **(b) This SECTION expires January 1, 2004.**

C
o
p
y

